

**EXHIBIT K**

MODIFICATIONS TO TRS LEGISLATION

## MODIFICATIONS FOR FREEZE OF TRS BENEFIT OBLIGATIONS<sup>2</sup>

The following is a summary of modifications with respect to a freeze of the outstanding benefits of the TRS.

TRS members hired prior to August 1, 2014, are currently accruing benefits under a defined benefit (“DB”) formula. To avoid creating future pension liabilities and to stabilize the system for the benefit of both taxpayers and future retirees, the TRS plan benefit accrual shall be frozen by January 1, 2020. Such freeze shall apply to all members of TRS, regardless of title or job classification. TRS members will retain the benefits they have accrued to date, subject to the benefit reduction formula set forth in the Plan. Future benefits shall be based on contributions and earnings in new segregated defined contribution (“DC”) retirement accounts funded by employee contributions. As a result, employees will have the certainty that their contributions and investment returns will be safeguarded for the future, ensuring retirement security.

<b>Definitions</b>	
<b>Pension System</b>	The terms of this document and references to Pension System pertain to the freeze of pension obligations of TRS members.
<b>Retirement Eligibility Age</b>	The age at which a member may commence receipt of a monthly pension benefit.
<b>Retirement Benefit</b>	The amount of benefit payable to a member each month.
<b>Creditable Service</b>	The years and months of plan participation, during which contributions have been made, beginning on the date of the first original appointment for rendering services. For purposes of calculating Creditable Service, fifteen (15) calendar days of a school year month shall be equal to one (1) calendar month worked during the school year for teachers; and twenty-one (21) calendar days of a month shall be equal to one (1) calendar month worked for all other members. Days and months worked after the effective date of the freeze will not be considered except as noted below under “Provisions of the Proposal.”
<b>Average Compensation</b>	The average of the thirty-six (36) highest months of compensation that the member has received for Creditable Service. Compensation earned after the effective date of the freeze will not be considered.
<b>Defined Contribution Account</b>	The notional individual account established for each new member as of August 1, 2014, and later. Such accounts are credited with member contributions and interest. New accounts will be established effective

<sup>2</sup> Milliman actuarial valuation report as of June 30, 2017, using July 1, 2016, Census data collection, which is the latest dataset currently available. If a new dataset from 2017 or 2018 becomes available, the values will be updated accordingly.

<b>Definitions</b>	
	January 1, 2020 <sup>3</sup> for members hired prior to August 1, 2014, in connection with the freeze of the DB formula.

<b>Timing</b>	
<b>Pension Freeze</b>	TRS pension benefit accrual freeze shall become effective on the later to occur of (a) January 1, 2020 and (b) the Effective Date <sup>4</sup> .
<b>Pension Benefits Date</b>	The data set used to calculate the freeze of pension benefits required is based on the July 1, 2016, retiree dataset provided by the Pension Systems, which is the latest dataset currently available. If a new dataset from 2017 or 2018 becomes available, the values will be updated accordingly.
<b>Implementation</b>	The freeze in the benefit amount described below will apply to benefits earned under and paid by the plan on or after January 1, 2020, also subject to the benefit reduction formula set forth in the Plan.

<b>Provisions of the Modification</b>	
<b>Freeze of Benefit Accruals and Implementation of DC Account</b>	Accrued benefit frozen as of freeze date, as noted below. New DC account balances to be funded with employee contributions will be established in connection with the freeze.
<b>Delay in Retirement Eligibility for all Others</b>	For members hired prior to August 1, 2014, who are not eligible for retirement at the freeze date, retirement eligibility is delayed three (3) years. Retirement is also delayed for terminated members that have not yet commenced.
<b>Elimination of Minimum Benefit</b>	The \$400 monthly minimum benefit for members hired before August 1, 2014, will be eliminated for members retiring on or after January 1, 2020.
<b>Elimination of Service Purchase</b>	Active members hired prior to August 1, 2014, with eligible service from prior employment have been able elect to purchase service in TRS. This has been accomplished via transfer of assets or through contributions payable by the member. This provision will eliminate future service purchases on or after January 1, 2020.

<sup>3</sup> See note 3 below.

<sup>4</sup> The "Pension Freeze Date" will be a date no earlier than the POA Effective Date. The date of January 1, 2020 is used throughout this term sheet to approximate the Pension Freeze Date.

<b>Provisions of the Modification</b>	
<b>Elimination of Enhanced Disability Benefits</b>	Active members hired prior to August 1, 2014 who terminate employment due to disability have been able to receive an immediate monthly benefit equal to the unreduced accrued benefit of 1.8% of Average Compensation per year of Creditable Service. Terminations due to disability on or after January 1, 2020 will be eligible for the same benefits as other terminated participants (i.e., deferred retirement benefits without enhancement).
<b>Suspension of Benefits</b>	Retirees from TRS who are in receipt of pension benefits that return to the Department of Education or a charter school as a teacher will have their pension benefits suspended during their reemployment.
<b>Defined Contribution Transfer from Prior Plans</b>	After the freeze date of January 1, 2020, active new hires with pension benefits eligible for rollover from a previous employer will be eligible to transfer these amounts to their DC account, either as a single transfer upon enrolling in the plan or through an initial election defer compensation through payroll, subject to tax considerations.

<b>More Detailed Provisions of the Modification</b>	
<b>Specific Implications on Retirement Eligibility Age if Hired Prior to August 1, 2014</b>	<p>A. Members who meet the following age and service combinations prior to January 1, 2020, will continue to be eligible to retire at any time:</p> <ul style="list-style-type: none"> <li>a. At least age 60 with at least ten (10) years of Creditable Service</li> <li>b. At least age 47 with at least twenty-five (25) years of Creditable Service</li> </ul> <p>B. Members who are not eligible to retire as of January 1, 2020, will be eligible to retire upon attaining ten (10) years of Creditable Service and reaching the age 63.</p>
<b>Specific Implications on Retirement Benefit if Hired Prior to August 1, 2014</b>	<p><b>Retirements after December 31, 2019:</b></p> <p>Minimum benefits will no longer apply to future retirees.</p> <p>The freeze also eliminates accelerated payment of benefits due to future disabilities and the ability to purchase additional service.</p> <p>A. If a member is at least age 50 and has attained at least thirty (30) years of Creditable Service as of January 1, 2020, the accrued</p>

<b>More Detailed Provisions of the Modification</b>	
	<p>benefit equals seventy-five percent (75%) of Average Compensation as of December 31, 2019.</p> <p>B. If a member is under age 50 and has attained at least thirty (30) years of Creditable Service as of January 1, 2020, the accrued benefit equals sixty-five percent (65%) of Average Compensation as of December 31, 2019.</p> <p>C. If a member is at least age 50 as of January 1, 2020 and does not attain at least thirty (30) years of Creditable Service as of January 1, 2020, the accrued benefit equals 1.8 percent of Average Compensation as of December 31, 2019 multiplied by years of Creditable Service as of December 31, 2019.</p> <p>D. If a member is under age 50 as of January 1, 2020 and does not attain at least 30 years of Creditable Service as of January 1, 2020, the accrued benefit equals ninety-five percent (95%) of 1.8 percent of Average Compensation as of December 31, 2019 multiplied by years of Creditable Service as of December 31, 2019.</p>
<b>Implications if Hired on or After August 1, 2014</b>	<p>There will be no change to Retirement Eligibility for members hired on or after August 1, 2014. Retirement Eligibility remains age 62 with five (5) years of Creditable Service.</p> <p>The Retirement Benefit will be based on the value of the Defined Contribution Account as of January 1, 2020.</p> <p>A. If the value of the Account is less than \$10,000, a lump sum is payable.</p> <p>B. If the value of the Account is \$10,000 or more, the Account is converted to a monthly annuity payable for the lifetime of the member.</p>

<b>Miscellaneous</b>	
<b>Social Security</b>	<p>The Oversight Board and Government will take appropriate actions to provide that all members hired after January 1, 2020 and all teachers under the age of 45 as of January 1, 2020 will be enrolled in Social Security and that such enrollment in Social Security for such members will be effective prior to the Pension Freeze Date.</p>

Miscellaneous	
<b>Law 160</b>	For the avoidance of doubt, any contributions made to Law 160 accounts will not be subject to any pension benefit cut.